



General Assembly

January Session, 2011

Committee Bill No. 469

LCO No. 2829

02829SB00469INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT REQUIRING CERTAIN DISCLOSURES FOR LONG-TERM CARE POLICIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsections (a) to (c), inclusive, of section 38a-501 of the
2 general statutes are repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2011*):

4 (a) (1) As used in this section, "long-term care policy" means any
5 individual health insurance policy, delivered or issued for delivery to
6 any resident of this state on or after July 1, 1986, which is designed to
7 provide, within the terms and conditions of the policy, benefits on an
8 expense-incurred, indemnity or prepaid basis for necessary care or
9 treatment of an injury, illness or loss of functional capacity provided
10 by a certified or licensed health care provider in a setting other than an
11 acute care hospital, for at least one year after an elimination period (A)
12 not to exceed one hundred days of confinement, or (B) of over one
13 hundred days but not to exceed two years of confinement, provided
14 such period is covered by an irrevocable trust in an amount estimated
15 to be sufficient to furnish coverage to the grantor of the trust for the
16 duration of the elimination period. Such trust shall create an

17 unconditional duty to pay the full amount held in trust exclusively to
18 cover the costs of confinement during the elimination period, subject
19 only to taxes and any trustee's charges allowed by law. Payment shall
20 be made directly to the provider. The duty of the trustee may be
21 enforced by the state, the grantor or any person acting on behalf of the
22 grantor. A long-term care policy shall provide benefits for confinement
23 in a nursing home or confinement in the insured's own home or both.
24 Any additional benefits provided shall be related to long-term
25 treatment of an injury, illness or loss of functional capacity. "Long-term
26 care policy" shall not include any such policy which is offered
27 primarily to provide basic Medicare supplement coverage, basic
28 medical-surgical expense coverage, hospital confinement indemnity
29 coverage, major medical expense coverage, disability income
30 protection coverage, accident only coverage, specified accident
31 coverage or limited benefit health coverage.

32 (2) (A) No insurance company, fraternal benefit society, hospital
33 service corporation, medical service corporation or health care center
34 delivering, issuing for delivery, renewing, continuing or amending any
35 long-term care policy in this state may refuse to accept or make
36 reimbursement pursuant to a claim for benefits submitted by or
37 prepared with the assistance of a managed residential community, as
38 defined in section 19a-693, in accordance with subdivision (7) of
39 subsection (a) of section 19a-694 solely because such claim for benefits
40 was submitted by or prepared with the assistance of a managed
41 residential community.

42 (B) Each insurance company, fraternal benefit society, hospital
43 service corporation, medical service corporation or health care center
44 delivering, issuing for delivery, renewing, continuing or amending any
45 long-term care policy in this state shall, upon receipt of a written
46 authorization executed by the insured, (i) disclose information to a
47 managed residential community for the purpose of determining such
48 insured's eligibility for an insurance benefit or payment, and (ii)
49 provide a copy of the initial acceptance or declination of a claim for

50 benefits to the managed residential community at the same time such
51 acceptance or declination is made to the insured.

52 (b) No insurance company, fraternal benefit society, hospital service
53 corporation, medical service corporation or health care center may
54 deliver or issue for delivery any long-term care policy which has a loss
55 ratio of less than sixty per cent for any individual long-term care
56 policy. An issuer shall not use or change premium rates for a long-
57 term care insurance policy unless the rates have been filed with and
58 approved by the Insurance Commissioner. Any rate filings or rate
59 revisions shall demonstrate that anticipated claims in relation to
60 premiums when combined with actual experience to date can be
61 expected to comply with the loss ratio requirement of this section. A
62 rate filing shall include the factors and methodology used to estimate
63 irrevocable trust values if the policy includes an option for the
64 elimination period specified in subdivision (2) of subsection (a) of this
65 section.

66 (c) (1) No such company, society, corporation or center may deliver
67 or issue for delivery any long-term care policy without providing, at
68 the time of solicitation or application for purchase or sale of such
69 coverage, full and fair written disclosure of the benefits and limitations
70 of the policy.

71 (A) Such disclosure shall include (i) a statement in not less than
72 fourteen-point bold face type and located in a conspicuous manner on
73 such disclosure that there is a likelihood that the premiums will
74 increase over the life of the policy and that failure of the insured to pay
75 any increase may result in the cancellation of the policy, and (ii) the
76 percentage increases in premiums for such policy, if any, for a period
77 of three years immediately prior to the time of solicitation or
78 application.

79 (B) At the time such policy is executed, the insured shall initial a
80 copy of the statement specified in subdivision (1) of this section and
81 the company, society, corporation or center shall retain such copy.

82 (2) If the offering for any long-term care policy includes an option
83 for the elimination period specified in subdivision [(2)] (1) of
84 subsection (a) of this section, the application form for such policy and
85 the face page of such policy shall contain a clear and conspicuous
86 disclosure that the irrevocable trust may not be sufficient to cover all
87 costs during the elimination period.

88 Sec. 2. Subsections (a) to (c), inclusive, of section 38a-528 of the
89 general statutes are repealed and the following is substituted in lieu
90 thereof (*Effective October 1, 2011*):

91 (a) (1) As used in this section, "long-term care policy" means any
92 group health insurance policy or certificate delivered or issued for
93 delivery to any resident of this state on or after July 1, 1986, which is
94 designed to provide, within the terms and conditions of the policy or
95 certificate, benefits on an expense-incurred, indemnity or prepaid basis
96 for necessary care or treatment of an injury, illness or loss of functional
97 capacity provided by a certified or licensed health care provider in a
98 setting other than an acute care hospital, for at least one year after a
99 reasonable elimination period. A long-term care policy shall provide
100 benefits for confinement in a nursing home or confinement in the
101 insured's own home or both. Any additional benefits provided shall be
102 related to long-term treatment of an injury, illness or loss of functional
103 capacity. "Long-term care policy" shall not include any such policy or
104 certificate which is offered primarily to provide basic Medicare
105 supplement coverage, basic medical-surgical expense coverage,
106 hospital confinement indemnity coverage, major medical expense
107 coverage, disability income protection coverage, accident only
108 coverage, specified accident coverage or limited benefit health
109 coverage.

110 (2) (A) No insurance company, fraternal benefit society, hospital
111 service corporation, medical service corporation or health care center
112 delivering, issuing for delivery, renewing, continuing or amending any
113 long-term care policy in this state may refuse to accept or make

114 reimbursement pursuant to a claim for benefits submitted by or
115 prepared with the assistance of a managed residential community, as
116 defined in section 19a-693, in accordance with subdivision (7) of
117 subsection (a) of section 19a-694 solely because such claim for benefits
118 was submitted by or prepared with the assistance of a managed
119 residential community.

120 (B) Each insurance company, fraternal benefit society, hospital
121 service corporation, medical service corporation or health care center
122 delivering, issuing for delivery, renewing, continuing or amending any
123 long-term care policy in this state shall, upon receipt of a written
124 authorization executed by the insured, (i) disclose information to a
125 managed residential community for the purpose of determining such
126 insured's eligibility for an insurance benefit or payment, and (ii)
127 provide a copy of the initial acceptance or declination of a claim for
128 benefits to the managed residential community at the same time such
129 acceptance or declination is made to the insured.

130 (b) No insurance company, fraternal benefit society, hospital service
131 corporation, medical service corporation or health care center may
132 deliver or issue for delivery any long-term care policy or certificate
133 which has a loss ratio of less than sixty-five per cent for any group
134 long-term care policy. An issuer shall not use or change premium rates
135 for a long-term care insurance policy or certificate unless the rates have
136 been filed with the Insurance Commissioner. Deviations in rates to
137 reflect policyholder experience shall be permitted, provided each
138 policy form shall meet the loss ratio requirement of this section. Any
139 rate filings or rate revisions shall demonstrate that anticipated claims
140 in relation to premiums when combined with actual experience to date
141 can be expected to comply with the loss ratio requirement of this
142 section. On an annual basis, an insurer shall submit to the Insurance
143 Commissioner an actuarial certification of the insurer's continuing
144 compliance with the loss ratio requirement of this section. Any rate or
145 rate revision may be disapproved if the commissioner determines that
146 the loss ratio requirement will not be met over the lifetime of the policy

147 form using reasonable assumptions.

148 (c) (1) No such company, society, corporation or center may deliver
149 or issue for delivery any long-term care policy without providing, at
150 the time of solicitation or application for purchase or sale of such
151 coverage, full and fair written disclosure of the benefits and limitations
152 of the policy.

153 (A) Such disclosure shall include (i) a statement in not less than
154 fourteen-point bold face type and located in a conspicuous manner on
155 such disclosure that there is a likelihood that the premiums will
156 increase over the life of the policy and that failure of the insured to pay
157 any increase may result in the cancellation of the policy, and (ii) the
158 percentage increases in premiums for such policy, if any, for a period
159 of three years immediately prior to the time of solicitation or
160 application.

161 (B) At the time such policy is executed, the policyholder shall initial
162 a copy of the statement specified in subdivision (1) of this section and
163 the company, society, corporation or center shall retain such copy.

164 (C) The policyholder shall provide to each eligible individual the
165 disclosure required under this subdivision.

166 (2) The provisions of this subsection shall not be applicable to: [(1)]
167 (A) Any long-term care policy which is delivered or issued for delivery
168 to one or more employers or labor organizations, or to a trust or to the
169 trustees of a fund established by one or more employers or labor
170 organizations, or a combination thereof, for employees or former
171 employees or a combination thereof or for members or former
172 members or a combination thereof, or the labor organizations; and [(2)]
173 (B) noncontributory plans.

174 Sec. 3. Section 38a-458 of the general statutes is repealed and the
175 following is substituted in lieu thereof (*Effective October 1, 2011*):

176 (a) On and after June 16, 1989, any life insurance company doing

177 business in this state may issue life insurance policies or certificates, or
178 riders or endorsements thereto, which provide, within the terms and
179 conditions of the policy or certificate, long-term care benefits as
180 described in section 38a-501, as amended by this act, provided such
181 company is licensed for both life and health insurance in this state. The
182 Insurance Commissioner may adopt regulations, in accordance with
183 chapter 54, to implement the provisions of this section. Prior to the
184 effective date of such regulations, any such policy, certificate, rider or
185 endorsement may be filed with the commissioner and may be
186 approved at the commissioner's discretion.

187 (b) Long-term care benefits provided pursuant to subsection (a) of
188 this section shall not be subject to the requirements of subsection (b) of
189 section 38a-501, as amended by this act, or subsection (b) of section
190 38a-528, as amended by this act.

191 (c) No insurance producer shall sell any such policy, certificate,
192 rider or endorsement unless the producer is licensed to sell both life
193 and health insurance in this state.

194 (d) A life insurance policy with long-term care benefits issued
195 pursuant to this section may include a rider that provides long-term
196 care benefits that become payable upon exhaustion of benefits under
197 the life insurance policy. The elimination period limitations shall apply
198 only to the life insurance policy to which the rider is attached. Such
199 rider shall not contain an additional elimination period and may
200 calculate the waiver of premium from the time benefits are payable
201 under such rider.

202 (e) Any life insurance policy with long-term care benefits issued
203 pursuant to this section shall comply with the disclosure requirements
204 set forth in subdivision (1) of subsection (c) of section 38a-501, as
205 amended by this act.

206 Sec. 4. Section 38a-458a of the general statutes is repealed and the
207 following is substituted in lieu thereof (*Effective October 1, 2011*):

208 (a) Notwithstanding the provisions of sections 38a-430, 38a-481 and
 209 38a-501, as amended by this act, or any regulation adopted pursuant to
 210 said sections, an insurer licensed for both life and health insurance in
 211 this state may combine the following coverages, by rider or otherwise,
 212 within a single-premium policy or contract: (1) Life or endowment
 213 insurance or annuity, survivorship annuity or pure endowment
 214 insurance; and (2) long-term care insurance.

215 (b) Any insurer that combines long-term care insurance coverage
 216 with other coverages as set forth in subsection (a) of this section shall
 217 comply with the disclosure requirements set forth in subdivision (1) of
 218 subsection (c) of section 38a-501, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011</i>	38a-501(a) to (c)
Sec. 2	<i>October 1, 2011</i>	38a-528(a) to (c)
Sec. 3	<i>October 1, 2011</i>	38a-458
Sec. 4	<i>October 1, 2011</i>	38a-458a

Statement of Purpose:

To require insurers to provide certain disclosures to insureds at the time of solicitation or application for purchase or sale of long-term care policies.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: SEN. KELLY, 21st Dist.

S.B. 469